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Of Attorneys for Crimson Investment Group, LLC, Debtor-in-possession*.
*Pending Application to Employ

IN THE BANKRUPTCY COURT OF THE UNITED STATES
FOR THE DISTRICT OF OREGON

In re:

Crimson Investment Group, LLC

Debtors-in-possession.

Case No. 16-32747-tmb11

DEBTOR STATEMENT IN
ADVANCE OF CASE STATUS
CONFERENCE

In anticipation of topics of interest to the Court to be discussed at the Case Status Conference scheduled by the Court for August 23, 2016 the Debtor-in-possession provides the following information:

Leases

Debtor-in-possession possesses no executory contracts. All of its rentals are currently in month to month tenancies.

Motions for Relief from Stay

Currently no Motions for Relief from Stay are pending.

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Prepetition Taxes

Debtor is currently under extension for 2015 tax filings. Debtor has retained an accountant (pending approval of employment by this court) and anticipates that the 2015 Tax Return will be filed on or before the extension deadline.

Adequate Protection

None of the residential rental properties owned by Debtor-in-possession have assignment of rent provisions.

Debtor is currently using all secured collateral, which consists of three parcels of real property as described below. All assets are currently insured against loss, insurance premiums are current, the relevant lenders are listed as loss payee, and the United States Trustee has been added as an interested party to receive notices if insurance were to lapse. These assets include:

A) Real property located at 3004 SE 62nd Ave in Portland Oregon that serves as a rental for Debtor-in-possession's business. Deutsche Bank holds a note with an approximate balance of \$438,000 secured to the property by a first position deed of trust. The real property has an estimated value of \$305,000. Debtor-in-possession believes *Till* rate payments will provide adequate protection for the creditor's security interest. Debtor-in-possession anticipates immediate commencement of plan treatment negotiations with Deutsche Bank regarding this claim. There are also 4 other junior lienholders attached to the property in the following priority and amounts: i) Franklin Credit Management Corp - \$69,295, ii) Kimco Properties – \$13,662; iii) Michelle & Dustin Rylands - \$35,000; iv) Oregon Department of Revenue - \$7,610. All of these junior lienholders are fully unsecured.

DEBTOR STATEMENT IN ADVANCE OF CASE MANAGEMENT HEARING

B) Real property located at 19200 SW Kinnaman Rd in Beaverton Oregon that serves as a rental for Debtor-in-possession's business. Nationstar Mortgage, LLC holds a note with an approximate balance of \$480,500 secured to the property by a first position deed of trust. The real property has an estimated value of \$286,102. Debtor-in-possession believes *Till* rate payments will provide adequate protection for the creditor's security interest. Debtor-in-possession anticipates immediate commencement of plan treatment negotiations with Nationstar regarding this claim. Springleaf Financial Services also holds a Judgment Lien attached to the property in junior position in the amount of \$4,365. This lien is fully unsecured.

C) Real property located at 13140 SW Heather Ct. in Beaverton Oregon that serves as a rental for Debtor-in-possession's business. Di-tech Financial, LLC holds a note with an approximate balance of \$328,000 secured to the property by a first position deed of trust. The real property has an estimated value of \$250,000. Debtor-in-possession believes *Till* rate payments will provide adequate protection for the creditor's security interest. Debtor-in-possession anticipates immediate commencement of plan treatment negotiations with Di-Tech regarding this claim. There is currently also a junior lien attached to the property in favor of Oregon Affordable Housing Assistance in the amount of \$20,000. This lien is wholly unsecured.

Debtor anticipates entering into Adequate Protection payments with the secured rental home lenders at the *Till* rate. Debtor believes the secured lenders' loans are not at greater risk because the loans are already highly undersecured and the property market attendant to these properties is currently on the increase.

Operation of Debtors' Business

Debtor-in-possession is an Oregon Limited Liability Company that operates as a residential rental business and agent for home renovation and resale.

The rental homes are all month to month tenancies and Debtor-in-possession then provides end to end management of the rental during occupancy. Debtor-in-possession then utilizes subcontractors to improve buildings and list them for sale after renovation. Debtor-in-possession has steady cash flow from these sources and generally realizes payments on time. Due to the intractable positions of the Secured Lenders, Debtor has deferred non-emergency maintenance on all the homes, and with this reorganization it will have incentive to repair and enhance the properties for greater rental cash flow after Plan confirmation. In addition it will resume making newly amortized payments to the secured claimants, and ultimately sell the properties. The Corporation was established in June of 2015 and does not have three years of historical data.

Debtor-in-possession does not anticipate the case filing will have a negative impact on any business operations. In support, Debtor includes with this statement a) Weekly 120 day Cash Flow Statement as Exhibit A and b) Statement of Income and Expenses since the date of filing as Exhibit B.

Chapter 11 Plan Preview

Debtor-in-possession anticipates a consensual workout plan to provide for restructured payments and loan terms to those creditors secured by real property. Debtor anticipates paying a divided to unsecured creditors in an amount not less than the best interest test amount or funding required pursuant to the absolute priority rule. Debtor-in-possession will retain ownership of all assets that are not otherwise sold or surrendered. Debtor-in-possession does not intend to request

to shorten or extend the exclusive period for filing the Disclosure Statement and Plan. Debtor-in-possession estimates the total administrative expenses at between approximately \$30,000 and \$40,000 and Debtor estimates those professional fees will be incurred in the following months and amounts: July – \$2000, August – \$3000, September – \$4000, October - \$4000, November - \$5000, December - \$4000, January - \$2000, February - \$3000, March - \$3000.

Debtor has also filed an application to employ an accountant to help Debtor prepare statutory reports and complete their tax return filing duties. Pursuant to negotiations with the United States Trustee, Debtor's CPA has agreed to a fee cap of \$2,500. If Debtor's CPA requires additional fees, Debtor will seek further court authority at that time.

Feasibility

Debtor-in-possession believes that a reasonable likelihood of a successful Chapter 11 workout exists. Debtor-in-possession has a profitable and functioning business performing rental management which will generate positive cash flows into the future once the loans are restructured. Debtor anticipates that it will receive a large cash infusion from its Affiliates or it will obtain post-petition financing, with proper court approval, to perform any Plan obligations not funded by the rental cash flow. With modifications to secured debt terms, the reorganized Debtor-in-possession will provide greater value to secured creditors through retention and payment of debt than these creditors stand to gain through a liquidation of their collateral in its current condition. The unsecured creditors will receive more than they would receive in a chapter 7 liquidation or in a Trustee or Sheriff sale pursuant to Oregon State law.

Application for Employment of Professionals

Debtor-in-possession filed a First Amended Application for Employment of counsel on July 21, 2016 which is pending before the Court. In addition, Debtor filed an Application for

Employment of a CPA on August 5, 2016. Proposed Orders have been circulated to the United States Trustee for both Applications and there are currently no objections to their entry. Those proposed Orders have been filed with this Court. Debtor-in-possession does not anticipate applications for interim fees to their professionals pre-confirmation.

DATED this 17th Day of August, 2016.

Respectfully Submitted:

/s/ Theodore J. Piteo
Michael D. O'Brien, OSB# 951056
Theodore J. Piteo, OSB# 090311
Of Attorneys for Debtor-in-Possession

CERTIFICATE OF SERVICE

I hereby certify that on August 17, 2016, I served the foregoing **Statement in Advance of Case Management Conference** on the following parties by mailing to each at the address below in a sealed envelope, with postage prepaid, and deposited in the United States Post Office:

NONE

Via Email Delivery:

Crimson Investment Group, LLC, Debtor

I further certify that the following person(s) will be served electronically when the foregoing document is filed with the court:

THEODORE J PITEO enc@orbankruptcy.com

US Trustee, Portland USTPRegion18.PL.ECF@usdoj.gov

RENEE M PARKER on behalf of Creditor Bosco Credit II, LLC
rmparker@wrightlegal.net, sbennett@wrightlegal.net

JESSE A BAKER on behalf of Creditor U.S. Bank National Association
ecforb@aldridgepите.com, JPB@ecf.inforuptcy.com; jbaker@aldridgepите.com

/s/Theodore J Piteo
Michael D. O'Brien & Associates, P.C.
Michael D. O'Brien, OSB #95105
Theodore J. Piteo, OSB #090311
Of Attorneys for Debtors

Cash Flow - 120 Day - Weekly Budget
Crimson Investment Group, LLC

EXHIBIT A

	Weekly	Monthly	4 Month		
Business (Gross)	\$937.50	\$3,750.00	\$15,000.00	Total Income (4 Months):	\$15,000.00
Expenses(Business):					
Proposed Adequate Protection	Paid Monthly	\$1,500.00	\$6,000.00		
Owner Draw	\$0.00	\$0.00	\$0.00		
Insurance	Paid Monthly	\$521.00	\$2,084.00		
Auto Fuel	\$50.00	\$200.00	\$800.00		
	Budgeted Monthly for any arising expenses	\$500.00	\$2,000.00		
Maintainence/Supplies					
Utilities*	\$0.00	\$0.00	\$0.00		
				Total Expenses (4 Months)	\$10,884.00
Total 120 Day Net Cash Flow:			\$4,116.00		

* Currently paid by Tenants

Exhibit B to Debtor Case Status Management Statement

Date of Filing 7/14/2016

Income Since Date of Filing:

Rents	\$12,600
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Fees/Penalties from Rentals	\$290
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Expenses since Date of Filing (Paid):

Insurance(July & Aug):	\$1,042
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Insurance Deposit(refundable):	\$521
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Expenses since Date of Filing (Unpaid):

Kinnaman Dishwasher Repair (pre-invoice)	Est. \$200
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July Rents Received:	\$9,050
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August Rents Received:	\$3,550
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